GRAND VENTURE TECHNOLOGY LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 201222831E)

ANNOUNCEMENT

PROPOSED ACQUISITION OF 100% OF THE SHARE CAPITAL OF FORMACH ASIA SDN. BHD.

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1. INTRODUCTION

The Board of Directors ("**Board**" or the "**Directors**") of Grand Venture Technology Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 17 December 2021 entered into a conditional sale and purchase agreement (the "**SPA**") with Leong Yoke Choy ("**Johnnie**") and Gan Lee Kim (collectively, the "**Vendors**") in relation to the proposed acquisition by the Company of 100% of the issue and paid-up share capital of Formach Asia Sdn. Bhd. (the "**Target Company**") (the "**Sale Shares**") from the Vendors (the "**Proposed Acquisition**"). On completion of the Proposed Acquisition, the Target Company will become a direct wholly-owned subsidiary of the Company.

2. THE PROPOSED ACQUISITION

2.1. Information on the Target Company

The Target Company is a private company limited by shares incorporated in Malaysia on 25 February 2000. The principal activities of the Target Company are the manufacture of sheet metal, machine structure weldment, and provision of electro-mechanical machine assembly services. The Company was introduced to the Target Company through its business associates.

The Vendors are the directors of the Target Company. As of the date of this announcement, the Target Company has an issued share capital of MYR500,000 comprising 500,000 fully-paid ordinary shares. The current shareholders of the Target Company, being the Vendors, and their respective shareholding interests in the Target Company are as follows:

Vendor	**Number of Shares in the Target Company**	**Shareholding Percentage in the Target Company**
Leong Yoke Choy	251,367	50.27%
Gan Lee Kim	248,633	49.73%

2.2. Information on the Vendors

The Vendors are citizens of Singapore. Johnnie is the founder, and has been the chief executive officer of Target Company since 2000, and has over 30 years of experience in the precision manufacturing and assembly of mechanical equipment. Gan Lee Kim is the wife of Johnnie and she has been a director of Target Company since 2000.

As at the date of this announcement, the Vendors are the legal and beneficial owners of 100% of the issued and paid-up share capital of the Target Company.

As at the date of this announcement, the Vendors (i) do not have any existing interest (whether direct or deemed) in shares of the Company ("**Shares**"); and (ii) are not related to any of the Directors, substantial shareholders of the Company, or their respective associates. There is also no connection (including business relationship between the Vendors and the Directors or substantial shareholders of the Company.

2.3. Rationale for the Proposed Acquisition

The Proposed Acquisition is undertaken for the purposes of accelerating time-to-market for the Group's capacity expansion and complementary capabilities intended to service customer requirements, including those from front-end semiconductor and life sciences.

2.4. Consideration

The aggregate consideration for the Proposed Acquisition is S$7,800,000 (which is the equivalent of MYR24,180,000 based on an agreed exchange rate of S$1.00 = MYR3.10) (the "**Aggregate Consideration**") and shall be payable by the Purchaser to the Vendors as follows:

(a) S$1,000,000 to be satisfied by the issue and allotment of 860,658 (rounded down to the nearest even whole number) new ordinary shares in the capital of the Company (the "**Consideration Shares**") at an issue price of S$1.1619 for each Consideration Share (the "**Issue Price**") to the Vendors on completion of the Proposed Acquisition (the "**Proposed Allotment**"); and

(b) S$6,800,000 to be satisfied in cash (the "**Cash Consideration**") and to be paid by the Purchaser to the Vendors in the following manner:

(i) S$6,020,000 to be paid on the date of completion of the Proposed Acquisition ("**Completion Date**"); and

(ii) the remaining S$780,000 to be paid on the first anniversary of the Completion Date ("**Withholding Payment Date**"). In the event of any claims for indemnification by the Company under the SPA, such amount claimed (including reasonable costs) shall first be set-off proportionally against the remaining Cash Consideration payable to the Vendors.

The Aggregate Consideration for the Proposed Acquisition was arrived at after an arms' length negotiation on a willing buyer willing seller basis, and taking into consideration factors such as the net tangible asset value of Target, business operations, the existing technical performance and capabilities of the Target Company in the precision sheet metal and fabrication businesses, and other potential benefits that may accrue to the Group

2.5. Consideration Shares

The Issue Price of S$1.1619 for each Consideration Share represents no discount to the volume weighted average price ("**VWAP**") of S$1.1619 for Shares traded on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 16 December 2021, being the last trading day prior to the signing of the SPA.

The Consideration Shares, when allotted and issued, will be credited as fully paid for, free and clear of all encumbrances and will rank pari passu with all existing shares in the capital of the Company, save that they do not rank for any dividend, rights, benefits, entitlements, allotments or other distributions, the record date of which falls on or before the date of issue of the Consideration Shares.

The number of Consideration Shares to be issued and allotted by the Company to each Vendor is 430,329, representing approximately 0.130% of the existing share capital of the Company and 0.130% of the enlarged share capital of the Company (taking into consideration the issue and allotment of the Consideration Shares)[1]. The issuance and the allotment of the Consideration Shares to the Vendors will not result in a change of controlling interest in the Company.

The Board is of the view that the partial satisfaction of the Aggregate Consideration by way of the Proposed Allotment is in line with the Vendors' interests to continue with the development of the business will ensure alignment of interest of the Vendors with the Group (which includes the Target Company) and allow the Vendors and the Company to continue with the development of the Target Company's business together. It would also allow the Company to conserve its cash reserves and provide the Company with greater financial flexibility in the future.

2.6. Moratorium

The Vendors shall not, without the prior written consent of the Company:

(a) sell, transfer, assign, convey, dispose, grant any option over or deal with all or any part of the Consideration Shares held by him/her for the time being, or any right over or interest in or derivative of any such shares;

(b) create or permit to subsist any encumbrance or security interest of any nature whatsoever on or over all or any part of the Consideration Shares held by him/her for the time being, or any right over or interest in or derivative of any such shares; or

(c) enter into an agreement in respect of any of the foregoing,

at any time during the period commencing from the Completion Date until the expiration of 12 months from the Completion Date ("**Moratorium Period**"). Notwithstanding, the Vendors shall be entitled to sell (i) up to one half of their respective Consideration Shares at any time after six (6) months from the Completion Date; and (ii) their remaining respective Consideration Shares at any time after the expiration of the Moratorium Period.

[1] Taking into consideration the issue and allotment of the Consideration Shares and the proposed allotment and issue of 6,885,274 new Shares in connection with the proposed acquisition by the Company of 100% of the equity interests of J-Dragon Tech (Suzhou) Co., Ltd. as announced on 17 December 2021, the number of Consideration Shares to be issued and allotted to each Vendor represents 0.127% of the enlarged share capital of the Company.

2.7. Source of Funds

The Cash Consideration of S$6.8 million is intended to be funded by the Group's internal resources. They will be funded from the net proceeds of S$23.5 million (the "**Placement Proceeds**") received by the Company from the placement exercise as disclosed in the circular to shareholders dated 5 February 2021 and announcement dated 21 May 2021 (the "**Previous Placement**"). As set out in circular to shareholders dated 5 February 2021 and announcement dated 21 May 2021, S$14.0 million of the Placement Proceeds[2] is intended to be utilised for expansion via mergers and acquisitions, joint ventures and partnerships. The utilisation of S$6.8 million from the Placement Proceeds for the payment of the Cash Consideration is in accordance with the stated use of proceeds.

2.8. Financial Information Relating to the Sale Shares

Based on the unaudited financial statements of the Target Company for the financial period ended 30 June 2021, the net tangible asset value and book value of the Sale Shares was MYR17.3 million.

2.9. Relative Figures under Rule 1006 of the Listing Manual

As the relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual Section A: Rules of Mainboard (the "**Listing Manual**") do not exceed 5%, the Proposed Acquisition is considered a non-discloseable transaction under Rule 1008 of the Listing Manual.

3. AUTHORITY FOR ISSUE OF CONSIDERATION SHARES

3.1. Share Issue Mandate

The Consideration Shares will be issued pursuant to the general mandate approved by the Company's shareholders at the extraordinary general meeting of the Company held on 23 November 2021 (the "**Share Issue Mandate**").

The Share Issue Mandate authorises the Directors to allot and issue new Shares and/or convertible securities not exceeding 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company as at the date of the Share Issue Mandate (being 165,390,000 Shares), of which the aggregate number of Shares to be issued other than on a pro rata basis to existing shareholders shall not be more than 20% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company as at the date of the Share Issue Mandate (being 66,156,000 Shares).

As at the date of the Share Issue Mandate, the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company was 330,780,000. As no Shares were issued under the Share Issue Mandate since the date of the Share Issue Mandate, the maximum number of Shares to be issued other than on a pro rata basis is 66,156,000 Shares[3]. Accordingly, the proposed allotment and issue of 860,658 Consideration Shares is within the limit of the Share Issue Mandate and specific approval from shareholders for the issuance and allotment of the Consideration Shares is not required.

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[2] Taking into account the intended utilisation of the Placement Proceeds for the S$2,703,036 (out of S$4,203,036) cash consideration in connection with the proposed acquisition by the Company of 100% of the equity interests of J-Dragon Tech (Suzhou) Co., Ltd. as announced on 17 December 2021, the balance of S$11,296,964 of the Placement Proceeds is intended to be utilised for expansion via mergers and acquisitions, joint ventures and partnerships.

[3] Taking into account the proposed allotment and issue of 6,885,274 new Shares in connection with the proposed acquisition by the Company of 100% of the equity interests of J-Dragon Tech (Suzhou) Co., Ltd. as announced on 17 December 2021, the maximum number of Shares to be issued other than on a pro rata basis is 59,270,726 Shares.

3.2. Restricted Persons

None of the Vendors fall within the category of restricted persons as listed in Rule 812(1) of the Listing Manual. Accordingly, none of the Consideration Shares will be issued and allotted to any person who is a Director or substantial shareholder of the Company, or any other person in the categories set out in Rule 812(1) of the Listing Manual.

3.3. Additional Listing Application

The Company will be making an application to the SGX-ST for the listing of and quotation for the Consideration Shares on the Mainboard of the SGX-ST. The Company will make the necessary announcements upon receipt of the listing and quotation notice from the SGX-ST.

4. FINANCIAL EFFECTS

The Proposed Acquisition is not expected to have any material impact on the net tangible assets per share and earnings per share of the Group for the financial year ending 31 December 2021.

5. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and their respective associates, and to the best of knowledge of the Directors, none of the substantial shareholders of the Company and their respective associates has any interest, direct or indirect, in the SPA and transactions contemplated therein, other than through their respective directorships and/or shareholding interests, if any, in the Company.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Proposed Allotment and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

7. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action in respect of securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Completion of the Proposed Acquisition and the Proposed Allotment is subject to fulfilment of the conditions in the SPA and, as at the date of this announcement, there is no certainty or assurance that the Proposed Acquisition and the Proposed Allotment will be proceed to Completion. In the event of any doubt, shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

BY ORDER OF THE BOARD

LEE TIAM NAM
Executive Chairman
17 December 2021